DELTAELEKTRO doo
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BEOGRAD

Technical support service agreement

Between

China Civil Engineering Construction Corporation Balkan Ogranak Beograd

and

"Deltaelektro doo Beograd "

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PROFESSIONAL CONSULTANT SERVICE AGREEMENT

This PROFESSIONAL CONSULTANT SERVICE AGREEMENT (hereinafter, the "Agreement"), together with all Annexes hereto, is entered into in Belgrade, on 18.12.2023 of the year 202003 (hereinafter, the "Effective Date") by and between:

China Civil Engineering Construction Corporation Balkan Ogranak Beograd of Batajnički drim Street, 3 part, NO.6A, 11080, Zemun, Belgarde, Serbia, PIB:109874997,represented by Chen Zhongzheng (hereinafter referred to as the "Principal"),

and

"Deltaelektro doo Beograd", a limited liability company registered in the Belgrade under registration PIB 100288378, MB 07476078 , having its registered address at Žarkovačka 2D(hereinafter, the "Service Provider"), represented by Director Lazar Petrović acting on the basis of Statutes,

When jointly mentioned in this Agreement, will be mentioned as "Parties".

Section I. DEFINITIONS AND INTERPRETATION

1.1. *Definitions*. In this Agreement, unless the context requires otherwise, all defined terms shall have the meanings ascribed to such terms in accordance with Annex A (*Definitions and Common Terms)* entered into between the Parties on the Effective Date.

1.2. *Interpretation*.

(a) The headings contained in this Agreement shall not be used in its interpretation.

(b) In the event there arises a conflict between provisions of the Agreement, the last provision to have been written chronologically shall take precedence.

(c) Any reference in this Agreement to a person acting under the direction of another person shall not include any action that is taken in contravention of any Applicable Law or Standards, unless the relevant Person can demonstrate that an explicit instruction or direction was given to take the relevant action.

(d) Unless expressly stated to the contrary, any reference in this Agreement to the right of consent, approval or agreement shall be construed such that the relevant consent, approval or agreement shall not be unreasonably delayed or withheld. The Parties agree and acknowledge as follows:

(i) neither Party shall be required to seek or apply for any consent, approval or agreement by any Person which would place the respective Party in breach of any Applicable Law, Standards or Good Industry Practice; and

(ii) nothing in this Agreement shall require the Principal to give or procure the giving of any consent or approval which would be contrary to the protection, safety and efficient operation of the Railway and the Project.

(e) A reference to "writing" shall include an e-mail transmission and any means of reproducing words in a tangible and permanently visible form.

(f) The words "include" and "including" are to be construed without limitation.

(g) Unless indicated otherwise, all references to "days" shall mean calendar days.

(h) The words in this Agreement shall bear their natural meaning, except for Definitions in accordance with Annex A (*Definitions and Common Terms)*

1.3. *Order of Precedence*. In the event of any discrepancy or inconsistency arising between the documents forming part of this Agreement, the following order of precedence shall apply:

(a) this Agreement document;

(b) Explanations (clarifications) of the procurement documentation;

(c) Procurement documents with the annexes;

(d) Clarifications of the Service Provider's Proposal;

(e) Service Provider's Proposal.

Section II. ENGAGEMENT, OBJECTIVE AND SCOPE OF SERVICE

2.1. *Engagement*. The Principal hereby engages the Service Provider to provide the Service for the purposes of the Project with the objective of ensuring provision and performance of all Works more fully identified in Annex C (*Scope of Service)* attached to this Agreement (hereinafter, the "Scope of Service") subject to the terms of this Agreement, and the Service Provider accepts such engagement.

2.2. *Objective*. The Service shall result in the performance of all Works identified in Annex C (*Scope of Service)* according to the terms of this Agreement and delivery to the Principal of the Deliverables according to the Service Schedule specified in Annex D (*Service Schedule and Rates*). For every assignment, a separate assignment order (hereinafter, the "Assignment Order") shall be issued by the Principal in the form and way chosen by the Principal and confirmed by the Service provider (by Representatives). The Service provider shall provide services according to only confirmed Assignment Order, the conditions thereof become binding to both parties: the Service Provider and the Principal.

2.3. *Certain Representations and Warranties by Parties*. Each Party represents and warrants to the other Party, as of the Effective Date, as follows:

(a) it has entered into this Agreement with the aim of attaining all of the objectives and performing in all material respects all of the obligations and commitments herein set forth;

(b) it has entered into this Agreement without having any intention or goal whatsoever to violate the Applicable Law, its own Statutes, other constitutional documents or agreements of any kind to which it is a party;

(c) it is not bankrupt and is not the subject of insolvency or winding-up proceedings, where its assets are being administered by a liquidator or by the court, it is not in an arrangement with creditors, where its business activities are suspended, or it is in any analogous situation arising from a similar procedure under the Laws of the Republic of Serbia; and

(d) it has entered into this Agreement of its own volition and in good faith.

2.4. *Certain Representations and Warranties by Service Provider*. The Service Provider represents and warrants to the Principal, as of the Effective Date, as follows:

(a) it has all requisite qualification, skills and competence to provide the Service to the Principal on the terms and conditions of this Agreement which are no less favorable than the terms and conditions of service identified by the Service Provider in any document submitted by the Service Provider to the Principal as part of the Procurement Procedure and on the terms of the Service Provider's Proposal identified in accordance with Service Provider's Proposal;

(c) it has all requisite ability to ensure the highest quality of the Service;

(d) it will assign competent and duly qualified personnel to carry out the Works set out in this Agreement according to the highest professional standard and Good Industry Practice;

(e) it is not deemed to be a person associated with the Principal for the purposes of Applicable Law;

(g) it is compliant with all of the requirements of the Service Provider's Declaration contained in Annex I (*Declaration of the Service Provider*) and will continue to be compliant with all such requirements during the term of this Agreement;

Section III. OBLIGATIONS OF SERVICE PROVIDER

3.1. *General Obligations*. The Service Provider's services shall be performed as expeditiously as is consistent with professional skill and care, orderly progress of the Service, and in accordance with this Agreement. The Service Provider shall, at all times during the term of this Agreement, act in good faith towards the Principal in respect of all matters under the Agreement. The Service Provider undertakes to perform or procure the performance of the Service in its entirety. The Service Provider shall develop and supplement the Scope of Service Annex C *(Scope of Service (Technical Specification))*) in consultation with the Principal with a view to achieving the objectives of the Project set out in Annex B (*Project Objectives*), including with respect to identifying the Service Milestones and other key dates, Deliverables, the underlying assumptions and any Necessary Consents. The Service Provider agrees with the Principal that it shall use all relevant knowledge obtained by the Service Provider in designing, building and maintaining public infrastructure networks having characteristics similar to the characteristics of the Project in the performance of its obligations under this Agreement. Specifically, the Service Provider undertakes to perform the Service in accordance with all of the following:

(a) requirements of Applicable Law;

(b) Good Industry Practice;

(c) Legal Requirements and Standards as may be applicable from time to time;

(d) Necessary Consents; and

(e) the terms and conditions of this Agreement.

3.2. *Duty of Care and Exercise of Authority*. The Service Provider shall:

(a) in performing its obligations under this Agreement, exercise reasonable professional skill, diligence and care as may be expected of a properly qualified and competent person carrying out services of a similar size, nature, type and complexity;

(b) ensure that all personnel engaged toward the Service are competent in accordance with relevant Standards and are qualified to perform their duties efficiently;

(c) ensure that all maps, drawings, plans, specifications, estimates, studies, computer files and other documents and information required to be prepared or submitted by the Service Provider under this Agreement conform to Good Industry Practice generally acceptable at the time of submission of such maps, drawings, plans, specifications, estimates, studies, computer files and documents;

(d) at all times during the term of this Agreement and in performing the Service, ascertain and comply with all Applicable Law, Good Industry Practice and, to the extent applicable, conditions of any Necessary Consents;

(e) comply, where applicable, with any reasonable requirements of the Principal not otherwise provided for in this Agreement;

(f) ensure that all designs are performed, and that the design process is documented, in accordance with Good Industry Practice, and using standard industry quality control methodology;

(g) notify the Principal of any Defects in accordance with Clause 7.3 of this Agreement as soon as such Defects are identified by the Service Provider;

(h) whenever the Service includes the exercise of powers or performance of duties authorized or required pursuant to the terms of any contract entered into between the Principal and any third party, the Service Provider shall:

(i) act in accordance with the terms and conditions of the agreement entered into between the Principal and the relevant third party; provided, however, that the details of such powers and duties, to the extent not described pursuant to Annex C (*Scope of*

Service (Technical Specification)) are acceptable to the Service Provider;

(ii) if authorized to certify, decide or exercise discretion, do so fairly between the Principal and third party not as an arbitrator but as an independent professional exercising its best skill and judgment; and

(iii) to the extent so authorized, cause the obligations of any third party to be adjusted or modified, subject to obtaining the prior approval of the Principal to any adjustment or modification which can have a material effect on Costs, quality or time (except in any emergency when the Service Provider shall inform the Principal as soon as practicable).

3.3. *Access to Documentation*. At all times during the term of the Service, the Principal shall have access to all Documentation. This access shall be continuing and survive the termination of this Agreement for either cause or convenience.

3.4. *Property of Principal*. Anything supplied by or paid for by the Principal for the use by the Service Provider toward provision of the Service under this Agreement shall constitute the property of the Principal and, to the extent practicable, shall be marked by the Service Provider as property of the Principal. To the extent the Service is completed or terminated, the Service Provider shall furnish inventories of whatever has not been consumed in the performance of the Service to the Principal and shall deliver such inventories in such manner and to such location(s) as designated by the Principal. For the avoidance of any doubt, such delivery shall not be forming part of the Scope of Service (Annex C *(Scope of Service (Technical Specification))*) and the terms of the delivery shall be agreed between the Principal and the Service Provider separately.

3.5. *Reservation of Certain Approval Rights*. Nothing in this Agreement shall require the Principal to give or procure the giving of any consent or approval which would be contrary to or inconsistent with the interests of protection, safety and efficient operation of the Railway or the Project and the safety of persons or property.

Pursuant to the law of Serbia applicable at the date of entry into effect of this Agreement, the Service Provider shall obtain prior written consent of the Principal for the replacement of each Sub-contractor and/or each Staff member indicated in Annex E (*List of Approved Sub-Contractors and Staff*) and involvement of additional sub-contractors and/or Staff members.

3.6. *Responsibility for Performance by Sub-Contractors*. The Service Provider shall retain the complete responsibility for the proper performance of all of its obligations under this Agreement, and any act, failure to act, breach or negligence on the part of its Approved Sub-Contractors shall, for the purposes of this Agreement, be deemed to be the act, failure to act, breach or negligence of the Service Provider.

The Service Provider shall replace the Sub-contractor and/or Staff member which, during the effectiveness of this Agreement, meets any of the compulsory grounds for exclusion of tenderers (or sub-contractors) that were verified during the Procurement Procedure.

3.7. *Obligations of Service Provider on Termination*. In the event of issue or receipt of a notice of termination of the Agreement under Clause 8.1, the Service Provider shall:

(a) take immediate steps to bring an end to the performance of the Service in an orderly manner;

(b) make arrangements to minimize the expenditure under this Agreement as rapidly as possible; and

(c) pass to the Principal a complete set of any documents, manuals or other information that the Principal may require in connection with the Project and the Railway and which, at the time of termination, are in the possession or under the control of the Service Provider.

3.8. *Attendance of Meetings*. To the extent necessary to ensure smooth and efficient provision of the Service, the Service Provider shall according to the Annex C *(Scope of Service (Technical Specification))* or at the Principal's request, hold and/or attend meetings with any Persons.

3.9. *No Material Interference*. The Service Provider agrees that non-Principal activities undertaken by the Service Provider will be managed so as not to materially interfere with the Service Provider's

obligations to the Principal under this Agreement.

3.10. *No Conflicting Activity*. Except with the Principal's knowledge and express written permission, the Service Provider shall not engage in any activity, or accept any employment, other agreement, interest, or contribution that would reasonably appear to compromise the Service Provider's professional judgment and performance with respect to the Service and/or the Project. In performing the Service, the Service Provider shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Service is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest.

3.11. *Certain Negative Covenants*. In carrying out the Service, the Service Provider undertakes not to procure goods or services of any kind from any Person meeting any of the following criteria:

(a) the Person who is a member of the Management Board or Supervisory Board of an Approved Sub-Service Provider or procurator of an Approved Sub-Contractor, or is authorized to represent or act on behalf of an Approved Sub-Contractor with respect to any activity related to any subsidiary company of such Approved Sub-Contractor, and such Person has been accused of commitment of any of the following criminal offences pursuant to an order issued by a public prosecutor or was found to be guilty of commitment of any of the following criminal offences in accordance with a court judgment that has entered into legal force, is non-disputable and non-appealable:

(i) accepting a bribe, giving of a bribe, misappropriation of a bribe, intermediation toward giving or taking of a bribe, acceptance of a prohibited benefit or commercial bribing;

(ii) fraud, misappropriation of funds or money laundering;

(iii) tax evasion or evasion of payments equivalent to tax;

(iv) terrorism, financing of terrorism, instigation of acts of terrorism, terrorist threats or recruitment and training of a person with the aim of committing acts of terrorism;

(b) the Person has, by decision of a competent authority or judgment of a court which has entered into legal force and is non-disputable and non-appealable, been found guilty of violation of labour law in any of the following manners:

(i) employment of one or more persons without having entered into written employment agreement with such persons, or without having submitted an employee declaration with respect to such persons within a period of time stipulated in accordance with applicable laws and regulations applicable to persons that enter into salaried employment;

(c) the Person who, by decision of a competent authority or in accordance with judgment of a competent court which has entered into legal force, is non-disputable and non-appealable, has been held guilty of violation of applicable rules of competition law manifested as a vertical agreement aimed at restricting the ability of one or more purchasers to determine the resale price, or a horizontal cartel agreement, with the exception of instances where the relevant authority, upon having established the fact of violation of applicable rules of competition law, has discharged the candidate or participant in a tender offer from imposition of a fine or has reduced the amount of fine as a part of co-operation leniency programme;

(d) the Person who has insolvency proceedings initiated against it (except in the circumstances where a bailout or a similar set of measures are applied within the insolvency proceedings and are aimed at preventing the bankruptcy and restoring the debtor back to solvency, in which case the Service Provider shall evaluate the possibility of participation by such Person in performing the Service), economic activity of the Person has been suspended or discontinued, bankruptcy proceedings have been initiated against the Person or the Person is subject to a liquidation;

(e) the Person has unpaid tax indebtedness in the country where the Procurement Procedure is

organised or in the country where the Person is registered or permanently residing as a tax payer, including the indebtedness with respect to State social insurance contributions, in the total amount exceeding EUR 150 in each individual country; in such case, the Service Provider can, within its sole discretion, prompt the Approved Sub-Contractor to pay or discharge all outstanding tax indebtedness within 10 (ten) Working Days and, upon such payment or discharge, allow the Person to continue performance of the Service; and

(f) any of the above-mentioned criteria shall apply to all members of a group of persons if the Person is a group of persons.

Section IV. OBLIGATIONS OF PRINCIPAL

4.1. *Acting in Good Faith and Supply of Information.* At all times during the term of this Agreement, the Principal undertakes to act in good faith toward the Service Provider in respect of all matters under this Agreement. The Principal shall, so as not to delay the Service and within a reasonable time, supply to the Service Provider free of cost all information in the power of the Principal to obtain which pertains to the Service, the Project and the Railway. The Principal shall, free of any Costs to the Service Provider, to the extent not explicitly stated otherwise in this Agreement, comply with all of its obligations under this Agreement, including with respect to carrying out any action or providing any information identified and specifically requested by the Service Provider, as reasonably necessary to enable the Service Provider to progress the Service. Information or instructions provided to the Service Provider by or on behalf of the Principal in connection with the Railway or the Project shall be prepared and given in such a diligent and professional manner and with such clarity, in such detail and in a timely manner as is necessary to enable the Service Provider to comply with its obligations under this Agreement. The Principal shall examine Documentation as may be submitted by the Service Provider for review by the Principal toward partial completion of the Service and, upon request of the Service Provider, shall render decisions and opinions pertaining thereto.

4.2. *Decisions by Principal.* On all matters properly referred to it by the Service Provider in writing the Principal shall give its decision in writing so as not to delay the Service and within a 10 days.

4.3. *Assistance and Cooperation by Principal.* In each country of the Railway and in respect of the Service Provider, its personnel and dependents, as the case may be, the Principal shall have an obligation to do all in its power to reasonably assist the Service Provider and reasonably cooperate with the Service Provider with respect to each of the following matters:

(a) providing unobstructed access wherever access is required for purposes of enabling, establishing or providing the Service; and

(b) providing access to other organizations to enable collection of information which is to be obtained by the Service Provider.

(c) *No Material Interference.* The Principal agrees that non-Service Provider activities undertaken by the Principal will be managed so as not to materially interfere with the Principal's obligations to the Service Provider under this Agreement.

Section V. PERSONNEL AND REPRESENTATIVES

5.1. *Supply of Personnel.* The personnel who are designated by the Service Provider shall be fit for their respective assignments, and their qualifications shall be acceptable to the Principal.

5.2. *Representatives.* Each Party shall appoint an officer, employee or individual to serve as its representative toward supply or receipt of the Service with full authority to act on its behalf in connection with this Agreement (hereinafter, the "Representative"), the initial Representatives having been identified in accordance with Annex G (*Representatives*). Any restriction placed by either Party on its Representative's authority shall be notified to the other Party in writing in order to be effective. The Representatives may delegate their authority by notice in writing specifying the identity of the

delegate and specifying the scope of authority so delegated. In addition to the appointment of a Representative in accordance with this Clause 5.2, to the extent required by the Principal, the Service Provider shall designate an individual to liaise with the Representative of the Principal in each country where the Project is implemented.

5.3. *Supplemental Personnel.* To the extent necessity arises to supplement the personnel of the Service Provider engaged toward provision of the Service with additional personnel, the Service Provider shall immediately arrange for engagement of such supplemental personnel. The costs of such engagement shall be borne by the Service Provider. For the avoidance of any doubt, the engagement of supplemental personnel under this Clause 5.3 shall not require approval by the Principal, provided that this personnel complies with the Applicable Law and this Agreement

Section VI. SERVICE MEETINGS, REPORTING AND RISK REDUCTION

6.1. *Service Meetings.* The Service Provider shall arrange project's communication's planning meetings on weekly, monthly and quarterly bases (or more frequently, to the extent mutually agreed by the Parties) as described in Annex C *(Scope of Service (Technical Specification))*, at which appropriate personnel of the Service Provider and the Principal and the Representatives of each Party shall be present (if applicable). Service Provider shall record all meetings (also online meetings) between Parties and prepare meeting reports within 5 Working Days after each meeting.

6.2. *Reporting.* The Service Provider shall, in a format and at intervals to be agreed with the Principal:

(a) provide the Principal with regular reports and status updates on the progress of the Works.

(b) report on any changes to the Scope of Service (Annex C *(Scope of Service (Technical Specification))*, Service Schedule (Annex D (*Service Schedule and Rates)* and Estimated Costs, which the Service Provider considers may be needed in order to fulfil the objectives set out in the Scope of Service (Annex C *(Scope of Service (Technical Specification))* and Service schedule *(Annex D (Service Schedule and Rates)*; and

(c) use reasonable endeavours to provide any other information and status updates as may be reasonably requested by the Principal at any time.

6.3. *Early Warnings.* Each Party undertakes to give an early warning by notifying the other Party as soon as such Party becomes aware of any matter that is capable of producing any of the following effects:

(c) delay any Service Milestone or date of supply of any Deliverable specified in accordance with Annex C *(Scope of Service (Technical Specification))* or

(d) impair the usefulness of the Service to the Service Provider.

Notwithstanding the above, the Service Provider may give an early warning by notifying the Principal of any other matter which the Service Provider deems to be necessary. The Principal shall enter each early warning into the Risk Register or another register in any form/document as decided by the Principal.

6.4. *Risk Reduction Meetings.* Either Party may instruct the other Party to attend a risk reduction meeting at which appropriate personnel of each Party and, to the extent practicable, the Representatives of each Party, shall be present, in order for those who attend to co-operate with respect to any of following matters:

(a) making and considering proposals for how the effect of the risks registered with the Risk Register can be avoided or reduced;

(b) deciding on the course of action which will be taken and which Party, in accordance with this Agreement, will take the relevant course of action; and

(c) deciding which risks have now been avoided or have passed and can be removed from the Risk Register.

6.5. *Risk Register Revisions*. The Principal shall be responsible for revising the Risk Register or another register in any form/document as decided by the Principal to record the decisions made at each risk reduction meeting and issuing the revised Risk Register to the Service Provider. In the event a decision requires a modification to be made to the Scope of Service (Annex C *(Scope of Service (Technical Specification))*) specified in accordance with Annex C *(Scope of Service (Technical Specification))*, the Principal shall request an Alteration to the Scope of Service *(Annex C (Scope of Service (Technical Specification))*) to be made in accordance with Clause 2.3. at the same time as the Principal issues the revised Risk Register.

6.6. *Obligation to Act Pursuant to Principal's Comments*. The Service Provider shall have due regard to any comments expressed by the Principal in connection with any report or at any meeting and shall provide reasons to the Principal where it does not take into account any such comments or representations.

Section VII. COMMENCEMENT OF SERVICE, REMEDY OF DEFECTS AND ACCEPTANCE

7.1. *Service Commencement*. The Service Provider shall not commence provision of the Service until receiving the confirmation of the Assignment Order and shall perform the Works within the deadlines and in the volumes approved by the Parties and each Deliverable is furnished to the Principal timely and in a manner as designated by the Principal.

7.2. *Impediments and Delays*. If the Service, or any part thereof, is impeded or delayed by the Principal or any third party engaged by the Principal so as to increase the duration of the Service or any of the applicable Service Milestones:

(a) the Service Provider shall inform the Principal of the circumstances and probable effects of such impediment or delay upon the Service Schedule (Annex D *(Service Schedule and Rates)*; and

(b) the duration of the Service shall be increased and any Service Milestone(s) affected by the impediment or delay shall be extended accordingly.

7.3. *Defects and Defects Date*. Until the Defects Date specified in accordance with Annex D (*Service Schedule and Rates*) the Principal shall notify the Service Provider of any Defects of any kind as soon as Defects are identified by the Principal and the Service Provider shall have an obligation to notify the Principal of any Defects of any kind as soon as Defects are identified by the Service Provider. Upon discovery of any Defects, or upon receipt by the Service Provider of a notification of Defects from the Principal, the Service Provider shall have Enough time to remedy defect mutually agreed between .

7.4. *Completion of Service and Delivery Acceptance Note*. Meeting of a Service Milestone or supply of a Deliverable occurs whenever the Service Provider has completed all of the Works which the Service Provider has undertaken to perform according to the Scope of Service (Annex C *(Scope of Service (Technical Specification))*), Assignment Order (as defined in Clause 2.2) and Service Schedule (Annex D *(Service Schedule and Rates)* by the relevant Service Milestone. The Delivery Acceptance Note shall include the Deliverable and adequate supporting documentation or information relevant to the Service Milestone attained and/or Deliverable completed. In the event no reasons for objection to the Delivery Acceptance Note exist, the Principal shall approve and sign it within 10 days following receiptof the Delivery Acceptance Note. The Principal shall not unreasonably withhold or delay approval of a Delivery Acceptance Note. The date of the signing the Delivery Acceptance Note by the Principal shallconstitute "Completion Date" with respect to this Clause 7.4.

7.5. *Objection Notice* In the event the Principal objects to approve and sign Deliverable Acceptance Note, it shall give notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection (hereinafter, the "Objection Notice") within 10 days following receipt of the Delivery Acceptance Note.

7.6. *Completion of Service Following Receipt of Objection Notice*. In the event of receipt by the Service Provider of an Objection Notice in accordance with Clause 7.5, the Service Provider shall:

(a) take due account of all Defects, irrespective of their extent or nature, and other matters raised in the Objection Notice;

(b) as soon as reasonably practicable, but not later as mentioned in the Objection Notice, correct such Defectsand deficiencies, irrespective of their extent or nature, and complete the Works indicated in the Objection Notice so as to comply in all material respects with the requirements of this Agreement; and

(c) issue to the Principal a second Delivery Acceptance Note substantially in accordance with the form stipulated in the Annex F *(Delivery and Acceptance Note)* of this Agreement.

Section VIII. TERMINATION AND SUSPENSION

8.1. *Termination for Material Breach or Bankruptcy.* Subject to the provisions of Clause 8.2, either Party shall be entitled to terminate this Agreement upon giving a written notice of termination to the other Party in the event of material breach by the other Party of any of its obligations under this Agreement. The written notice of termination shall contain an itemized description of the breach. For the purposes of this Clause 8.1 an event of material breach shall include any of the following:

(a) commitment by a Party of any persistent or material breach of this Agreement (which shall include failure to pay an amount of at least EUR 5,000 due to the other Party or perform any part of the Service valued at least EUR 5,000);

(b) failure by the Service Provider to duly address any of the matters raised in the second Objection Notice given by the Principal in accordance with Clause 7.6;

(c) failure by any Deliverable to conform to any of the material requirements to such Deliverable contained in Annex C (*Scope of Service (Technical Specification)*), Assignment Order and/or Annex D *(Service Schedule and Rates)*, provided that such failure is not capable of being remedied during the Cure Period, within the term specified in the Objection Notice or within the Corrective Period; or

(d) failure by the Principal to make any payment to the Service Provider in accordance with this Agreement within at least fourteen (14) Working Days from the date of payment falling due;

(e) any of the representations or warranties given by either Party under Clause 2.5. or any of the representations or warranties given by the Service Provider under Clause 2.6. proving to be untrue; or

(f) breach by the Service Provider of any of the representations or warranties contained in Clause 9.6 or breach by the Service Provider of the undertaking contained in Clause 9.10.

8.2. *Alteration Not Material Breach.* It is agreed and acknowledged by the Parties that, for the purposes of Clause 8.1, no Alteration agreed by the Parties shall constitute a "material breach", provided that such Alteration is objectively justified and indispensable to attain objectives of the Project, is carried out in accordance with applicable Law of the Republic of Serbia and relates to any of thefollowing matters:

(a) modification of the terms and conditions of this Agreement in a manner altering the terms and conditions set forth in documents forming part of the Procurement Procedure, provided that necessity of such modification is due to no fault of the Service Provider;

or

(b) substitution of a supplier or Approved Sub-Contractor selected during the Procurement Procedure with another supplier or Sub-Contractor in accordance with applicable Law of the Republic of Serbia.

8.3. *Right to Terminate Immediately.*

8.3.1. Notwithstanding anything to the contrary contained in this Agreement, a Party may terminate this Agreement immediately upon giving the other Party a written notice of termination explaining, in reasonable detail, the reason for termination upon occurrence of any of the following:

(a) (a)breach by the other Party of Clause 15.7;
(c) an event of Force Majeure has been continuing during more than sixty (60) days;
(d) the other Party had passed a resolution for winding-up (other than in order to amalgamate or reconstruct);
(e) breach by the Service Provider of the confidentiality undertakings contained in Section X;
(f) the other Party is unable to pay its debts and has presented a petition for voluntary bankruptcy;
(g) the other Party had a bankruptcy order issued against it;
(h) the other Party has a provisional receiver or administrative receiver appointed over the whole or a substantial part of its undertaking or assets;
(i) liquidation, insolvency or legal protection proceedings have been initiated with respect to the other Party or the other Party is declared insolvent;
(j) the making by the other Party of a proposal for a voluntary arrangement with creditors; or
(k) the occurrence of any event analogous to the events enumerated under Clauses 8.4 (g) – (j) under the law of any jurisdiction to which the other Party's assets and undertaking are subject.

8.3 .2. *Principal's Right to Terminate Immediately.* The Principal may terminate this Agreement immediately upon giving the other Party a written notice of termination explaining, in reasonable detail, the reason for termination, if CEF Co-financing for further financing of the Service are not available to the Principal fully or partly. In such a case, the Principal shall pay the Service Provider the fees in respect of the Services provided under this Agreement up to the date of the notification of the termination of this Agreement and the Principal is not obliged to pay contractual or any other penalty or damages to the *Right to Advance to Completion.* In the event the Service Provider fails to fulfil any of its obligations, or fails to cure any breach in accordance with Clause 8.2, and the Agreement is terminated by the Principal, the Principal may advance the Service to completion by employing the services of other professional service supplier(s) or by other means available to the Principal. The Service Provider shall be liable to the Principal for any and all additional costs incurred due to failure by the Service Provider to perform. The rights and remedies available to the Principal set forth in accordance with this Clause 8.5 shall be in addition to any and all other rights and remedies available under Applicable Law.

8.4. *Consequences of Termination.* Upon expiration or termination of this Agreement, the obligations of the Parties set forth in this Agreement shall cease, except with respect to the following:

(a) any obligations arising as a result of any antecedent breach of this Agreement or any accrued rights.

8.5. *Principal's Obligation to Pay.* Subject to the provisions of Clause 8.7 and except in the event of termination by the Principal occurring as a result of violation by the Service Provider of Clause 15.7 and/or termination by the Principal according to Clause 8.4.2 and/or 8.4.3, in the event this Agreement is terminated for any reason prior to completion of the Service, the Principal shall have an obligation to pay the Service Provider the following:

(a) the Costs incurred by the Service Provider up to the date of termination; and

8.6. *No Obligation to Pay Costs Incurred Prior to Acceptance.* Notwithstanding anything set forth in this Agreement to the contrary including, without limitation, in accordance with Clause 8.7, the Principal shall have no obligation to pay any of the Costs incurred by the Service Provider with respect to any Works or the Service (or part of any Works or the Service) not deemed as having been accepted by the Principal in accordance with Clauses 7.5 and 7.6 of this Agreement.

8.7. *No Prejudice to Other Rights.* The right to terminate this Agreement shall be without prejudice to any other right of either Party which has accrued prior to or as a result of such termination or to any remedy available to either Party under the terms of this Agreement or in accordance with Applicable Law.

Section IX. INTELLECTUAL PROPERTY RIGHTS

9.1. *Principal as Sole Proprietor.* All Documentation forming part of the Deliverables developed under this

Agreement is and shall become the property of the Principal regardless of whether the Service or Deliverable is produced or finally accepted. It is acknowledged and agreed by the Parties that the Principal is permitted to reproduce the drawings and distribute the prints in connection with the use or disposition of the Documentation without incurring obligation to pay any royalties or additional compensation whatsoever to the Service Provider.

9.2. *Intellectual Property in Documentation.* The Service Provider represents and warrants that it owns all Intellectual Property in all Documentation deliverable by or on behalf of the Service Provider under this Agreement and that, to the extent any Intellectual Property in any Documentation is not owned by the Service Provider, it has obtained all requisite consents from owner(s) of all Intellectual Property in the Documentation to fulfil all of the obligations undertaken by the Service Provider under this Agreement and has fully discharged all obligations with respect to payment of any royalties or fees.

9.3. *Transfer of Ownership to Principal.* The Principal shall acquire legal title to and ownership in the Intellectual Property in all Documentation deliverable to the Principal under this Agreement as of the moment of delivery by the Service Provider to the Principal of the Delivery Acceptance Note, together with the Deliverable and Documentation forming part of the Deliverable, in accordance with Clause 7.4 of this Agreement; provided, however, that the Principal has paid the Fee or other consideration payable under the terms of this Agreement with respect to the relevant part of the Service or Deliverable. For the avoidance of any doubt, such title and ownership shall confer upon the Principal, without limitation, each of the following:

(a) the right to reproduce the Documentation, or any part thereof, and distribute copies of the Documentation or any part thereof;

(b) the right to modify, amend and supplement the Documentation, or any part thereof;

(c) the right to license the Documentation, or any part thereof, for use by others; and

(d) the right to transfer ownership in the Documentation, or any part thereof, to others.

9.4. *Grant of Limited License to Service Provider.* Upon acceptance by the Principal of any Deliverable and Documentation forming part of any Deliverable in accordance with Clause 7.4, the Principal shall be deemed to have granted the Service Provider an irrevocable and exclusive licence to reproduce, modify and distribute copies of any Documentation forming part of any Deliverable for the purposes of the Service and the Project, subject to the following restrictions:

(a) the license shall apply during the term of this Agreement only;

(b) the permitted use shall only cover the right to reproduce, modify and distribute the Documentation, or any part thereof, for the purposes of performing, implementing or modifying the Service; and

(c) the Documentation, or any part thereof, shall not, without the prior consent by the Principal, be distributed or communicated to any third party for purposes other than those permitted in accordance with this Clause 9.4.

The license in accordance with this Clause 9.4 shall be deemed to have been granted to the Service Provider as of the Completion Date.

9.5. *No Additional Royalty.* It is acknowledged and agreed by the Parties that consideration for the transfer of ownership in the Intellectual Property shall be forming part of the Fee and no additional royalty, fee or other consideration of any kind shall be payable by the Principal to the Service Provider or any third party in consideration of the transfer of ownership in the Intellectual Property in any Documentation.

9.6. *No Infringement.* The Service Provider represents and warrants to the Principal that no Documentation deliverable to the Principal under the terms of this Agreement will infringe any existing Intellectual Property of any third party. In the event any of the representations or warranties contained in this Section IX prove to be untrue or inaccurate, the Service Provider undertakes, at its own cost and expense, to defend and settle any claim raised by any third party alleging infringement of Intellectual Property in the Documentation. The foregoing undertaking by the Service Provider shall apply subject to the following conditions:

(a) the Principal shall notify the Service Provider, without undue delay, of any third-party claim alleging infringement of any Intellectual Property in any Documentation;

(b) the Principal refrains from admitting liability under any third-party claim or acting on the account of such claim without prior approval by the Service Provider; and

(c) the exclusive control over any legal proceeding or settlement related any third-party claim shall be exercised by the Service Provider; provided, however, that the Principal shall render the Service Provider all reasonable assistance toward such proceeding or settlement, at the cost and expense of the Service Provider.

9.7. *Infringement Proceedings.* In the event the Principal is a party to legal proceedings involving allegations of infringement of any Intellectual Property in the Documentation of any third party, the Service Provider shall keep the Principal fully informed of all aspects relevant to the legal proceedings and the Principal shall have the right, at its own cost, to be represented in the legal proceedings by separate counsel. In the event the Service Provider fails to act against claims alleging infringement of any Intellectual Property in the Documentation of any third party within reasonable time but, in any event, within twenty (20) days of having been notified of such claims, the Principal shall have the right to assume legal defence against claims alleging infringement of Intellectual Property and shall be entitled to reimbursement by the Service Provider of reasonable costs and expenses incurred toward such defence.

9.8. *Continued Use.* In the event a court of competent jurisdiction resolves in a binding judgment that the Documentation, or any part thereof, infringe Intellectual Property of any third party, the Service Provider shall, at its own cost and expense, procure for the Principal the right of continued use of the Documentation, or part thereof infringing Intellectual Property of a third party.

9.9. *License in Intellectual Property of Service Provider.* The Service Provider hereby grants the Principal an irrevocable and non-exclusive license to use, reproduce, modify and/or enhance any Intellectual Property of the Service Provider, provided and to the extent Intellectual Property of the Service Provider is used by the Principal for the purposes of the Railway and/or the Project. It is agreed and acknowledged by the Parties that the license fee for the grant of license in accordance with this Clause 9.9 forms part of the Fee and such license shall continue to be valid irrespective of expiration of this Agreement following completion of the Service or termination of this Agreement for any reason.

9.10. *Obligation to Procure Intellectual Property Rights.* Where the Service Provider is not the legal owner of any relevant Intellectual Property of the Service Provider, the Service Provider shall use reasonable endeavours to procure for the Principal the rights specified in accordance with Clause 9.4.

9.11. *Obligation to Indemnify with Respect to Uses Other Than for the Purpose.* The Principal shall defend and indemnify the Service Provider from and against any and all Damages arising from the use by the Principal of any Intellectual Property of the Service Provider other than for the purposes of the Railway and/or the Project.

9.12. *Indemnification by the Service Provider.* The Service Provider shall defend and indemnify the Principal from and against any and all Damages arising from the use by the Principal of any Intellectual Property of the Service Provider, to the extent use by the Principal is within the scope of the license granted to the Principal in accordance with Clause 9.9.

Section X. CONFIDENTIALITY

10.1. *Confidential Information.* "Confidential Information" means in relation to the Principal all information of a confidential nature relating to the Principal and its Affiliates which is supplied by the Principal (whether before or after the Effective Date) to the Service Provider, either in writing, orally or in any other form and includes all analyses, compilations, notes, studies, computer files, memoranda and other documents which contain or otherwise reflect or are derived from such information, but excludes information which:

(a) the Principal confirms in writing is not required to be treated as confidential; or

(b) the Service Provider can show that the Confidential Information was in its possession or known to it (by being in its use or being recorded in its files or computers or other recording media)

prior to receipt from the Principal and was not previously acquired by the Service Provider from the Principal under an obligation of confidence; or

(c) was developed by or for the Service Provider at any time independently of this Agreement without application of the information provided to the Service Provider under this Agreement.

10.2. *Undertakings with Respect to Confidential Information.* Subject to Clauses 10.1 and 10.3, the Service Provider shall:

(a) at all times keep confidential all Confidential Information received by it and shall not disclose such Confidential Information to any other Person; and

(b) procure that its Affiliates its and their officers' employees and agents shall keep confidential and not disclose to any Person any Confidential Information, except with the prior written consent of the Party to which such Confidential Information relates.

10.3. *Permitted Disclosures.* Notwithstanding anything to the contrary set forth in accordance with Clauses 10.1 and 10.2, the Service Provider shall, without the prior written consent of the Principal, be entitled to disclose Confidential Information:

(a) that is reasonably required by the Service Provider in the performance of its obligations pursuant to this Agreement, including the disclosure of any Confidential Information to any employee, contractor, agent, officer, Sub-Contractor (of any tier) or adviser to the extent necessary to enable the Service Provider to perform its obligations under this Agreement;

(b) to enable a determination to be made pursuant to Section XVIII;

(c) to its lenders or their professional advisers, any rating agencies, or its insurance advisers but only to the extent reasonably necessary to enable a decision to be taken on the proposal;

(d) to the extent required by Applicable Law or pursuant to an order of any court of competent jurisdiction, any parliamentary obligation or the rules of any stock exchange or governmental or regulatory authority having the force of law; or

(e) to register or record any Necessary Consents and to effect any property registration that may be required;

(f) in order to fulfil its license obligations or assist in the planning or execution of other maintenance, renewal or enhancement projects; or

(g) to the extent Confidential Information has become available to the public other than as a result of any breach of an obligation of confidence; provided that any such disclosure is made in good faith.

10.4. *Obligation of Confidentiality Pertinent to Recipients of Confidential Information.* Whenever disclosure is permitted to be made pursuant to Clause 10.3, the Service Provider shall require that the recipient of Confidential Information be subject to the same obligation of confidentiality as that contained in this Agreement.

10.5. *Certain Obligations on Termination of Agreement.* If this Agreement is terminated for whatsoever reason, the Service Provider shall:

(a) return to the Principal all of the Confidential Information then within the possession or control of the Service Provider; or

(b) destroy such Confidential Information using a secure and confidential method of destruction.

10.6. *No Press Release by Service Provider.* Save as required by Applicable Law, the Service Provider shall not issue any press release in relation to the matters contemplated under this Agreement without the prior written consent of the Principal (such consent not to be unreasonably withheld or delayed) as to both the content and the timing of the issue of the press release

10.7. *Right to Publish.* For the avoidance of any doubt, the Principal shall have the right to publish any of the documents, information or data provided by the Service Provider to the Principal during provision of

the Service.

10.8. *Remedies*. The Parties acknowledge and agree that a breach of the provisions of this Section X may cause the owner of Confidential Information to suffer irreparable Damage that could not be adequately remedied by an action at law. Accordingly, the Service Provider agrees that the owner of Confidential Information that is disclosed in breach of Clauses 10.2, 10.410.4 or 10.6 may be entitled to specific performance of those provisions to enjoin a breach or attempted breach thereof and to any other remedy, including, inter alia, damages and injunctive relief, awarded by a court of competent jurisdiction.

Section XI. FORCE MAJEURE

11.1. *Effects of Force Majeure*. Subject to the requirements set forth in accordance with Clauses 11.2 and 11.3 each Party shall be relieved from liability for non-performance of its obligations under this Agreement (other than any obligation to pay) to the extent that the Party is not able to perform such obligations due to a Force Majeure Event.

11.2. *Action Upon Becoming Aware of Force Majeure*. Each Party shall at all times, following the occurrence of a Force Majeure Event:

(a) take reasonable steps to prevent and mitigate the consequences of such an event upon the performance of its obligations under this Agreement;

(b) resume performance of its obligations affected by the Force Majeure Event as soon as practicable and use reasonable endeavours in accordance with Good Industry Practice to remedy its failure to perform; and

(c) not be relieved from liability under this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to any failure to comply with its obligations under Clause 11.1.

11.3. *Notification Requirements*. Upon the occurrence of a Force Majeure Event, the affected Party shall notify the other Party as soon as reasonably practicable and in any event within ten (10) Working Days of it becoming aware of the relevant Force Majeure Event. Such notification shall give sufficient details to identify the particular event claimed to be a Force Majeure Event and shall contain detailed information relating to the failure to perform (or delay in performing), including the date of occurrence of the Force Majeure Event, the effect of the Force Majeure Event on the ability of the affected Party to perform, the action being taken in accordance with Clause 11.2 and an estimate of the period of time required to overcome the Force Majeure Event. The affected Party shall provide the other Party with any further information it receives or becomes aware of which relates to the Force Majeure Event and provide an update on the estimate of the period of time required to overcome its effects.

11.4. *Notification of Resumed Performance*. The affected Party shall notify the other Party as soon as practicable once the performance of its affected obligations can be resumed (performance to continue on the terms existing immediately prior to the occurrence of the Force Majeure Event).

11.5. *Mitigation of Effects of Force Majeure*. As soon as practicable after the notification specified pursuant to Clause 11.3, the Parties shall use reasonable endeavours to agree appropriate terms or modifications to the scope of Service (Annex C *(Scope of Service (Technical Specification))*) and Service schedule (Annex D *(Service Schedule and Rates)* to mitigate the effects of the Force Majeure Event and to facilitate the continued performance of this Agreement.

Section XIII. ON-THE-SPOT-VISITS

13.1. *Right to perform On-the-Spot visits*. By submitting a written notice five (5) Working Days in advance, but at the same time reserving the right of an unannounced on-the-spot visit without an advance notice, the Principal may carry out on-the-spot visits to the sites and premises where the activities implemented within the Agreement are or were carried out.

13.2. *Personnel involved*. On-the-spot visits may be carried out either directly by authorised staff or representatives of the Principal or by any other outside body or third party authorised to do so on behalf

of the Principal. Information provided and collected in the framework of on-the-spot visits shall be treated on confidential basis. The Principal shall ensure that any authorised outside body or third party shall be bound by the same confidentiality obligations.

13.3. *Access to the information.* Service Provider shall provide to the performer of the on-the-spot visit or any other authorised outside body or third party access to all the information and documents, including information and documents in electronic format, which is requested by the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party for the performance of an on-the-spot visit and which relates to the implementation of the Agreement, as well as shall allow the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party the copying of the information and documents, with due respect to the confidentiality obligation.

13.4. *OLAF checks and inspections.* By virtue of Council Regulation (Euratom, EC) No 2185/961 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EU) No 883/20132 of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by European Union law for the protection of the financial interests of the European Union against fraud and other irregularities. Where appropriate, OLAF findings may lead to criminal prosecution under national law.

Section XIV. NOTICES AND COMMUNICATION

14.1. *Notices.* All notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (if receipt is confirmed by the facsimile operator of the recipient), or delivered by overnight courier service, or mailed by registered or certified mail (return receipt requested), postage prepaid, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

14.2. to the Principal: Batajnički drim Street, 3 part, NO.6A, 11080, Zemun, Belgarde, Serbia

14.3. to the Service Provider: Deltaelektro doo Beograd, Žarkovačka 2D, 11030 Beograd

14.4. *Changes in Address.* Either Party shall be entitled to change its address for purposes of this Section XIV by notice to the other Party. A notice of a change of address shall be effective only upon receipt thereof.

Section XV. MISCELLANEOUS PROVISIONS

15.1. *Capacity.* Each Party warrants to the other Party that it has full power to enter into and perform this Agreement, and the person signing this Agreement on its behalf has been duly authorized and empowered to enter into such agreement. Each Party further acknowledges that it has read this Agreement, understands it and agrees to be bound by it.

15.2. *Changes in Legislation.* If, after the Effective Date, the Costs or duration of the Service is altered as a result of changes in or additions to the regulations in any country in which the Service is to be performed, the agreed the Fee and time for completion shall be adjusted accordingly.

15.3. *Independent Contractors.* Nothing in this Agreement shall create a partnership, association or joint venture or establish a relationship of principal and agent between the Parties. Neither Party shall have any authority (unless expressly conferred in writing by virtue of this Agreement or otherwise and not revoked) to bind the other Party as its agent or otherwise.

15.4. *Assignability.* The Service Provider shall not without the prior written consent of the Principal assign any of the rights or benefits from the Agreement, provided that the consent by the Principal shall not be unreasonably withheld or delayed. Neither Party shall assign any of the obligations under the Agreement without the prior written consent of the other Party; provided.

15.5. *Severability*. If any provision of this Agreement shall be held to be illegal, invalid, void or unenforceable under Applicable Law of any jurisdiction, the legality, validity and enforceability of the remainder of this Agreement in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of this Agreement shall not be affected in any other jurisdiction.

15.6. *Waivers*. No waiver by either Party of any default by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default, irrespective of the character of such default. No failure or delay by either Party in exercising any of its rights, power or privileges under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by that Party of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

15.7. *Conflict of Interest, Corruption and Fraud*. Notwithstanding any penalties that may be enforced against the Service Provider under Applicable Law of the country of the project, or of other jurisdictions, the Principal will be entitled to terminate the Agreement in accordance with Clause 8.4 and the Service Provider shall be deemed to have breached Clause 3.13 of the Agreement, if it is shown that the Service Provider is guilty of:

(a) offering, giving, receiving or soliciting anything of value with a view to influencing the behaviour or action of anyone, whether a public official or otherwise, directly or indirectly in the selection process or in the conduct of the Agreement; or

(b) misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the Principal, including the use of collusive practices intended to stifle or reduce the benefits of free and open competition.

15.8. *Entire Agreement*. This Agreement, and all of the Annexes hereto, constitute the entire Agreement between the Parties relating to the subject matter hereof and supersedes and extinguishes all and any prior drafts, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter. Each Party acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated herein.

15.9. *Amendments and Variations*. No amendment to or variation of this Agreement shall be effective unless made in writing and signed by duly authorized representatives of both Parties. The Agreement can be amended in compliance with the provisions of the Law of the Republic of Serbia.

15.10. *Execution*. This Agreement may be executed in two counterparts to be held by each Party which counterparts, taken together, shall constitute one and the same instrument.

Section XVI. PAYMENT

16.1. The total contract price is EUR three hundred sixty thousand (360.000,00) (Prices are exclusive of VAT)

Fee shall be paid as:

16.2. advance payment twenty percent (20%) 10 days from when the Service provider submits the guarantee for the payment of the advance and the invoice for the advance.

- Invoice will be issued and paid monthly. Monthly invoice amounts 30.000 EUR/month. Advance payment (20%) and retention money (20%) will be deducted from every monthly invoice;
- the remaining 20 % of the contact value for retention money will be paid after successful handing over of project to Serbian Railways

It is acknowledged and agreed by the Parties that Fee shall include all Costs and expenses, incurred by the Service Provider and Approved Sub-Contractors toward carrying out the Service. For the avoidance of any doubt, Fee specified in accordance with this Clause 16.1 shall exclude value added tax that will be charged at the rate applicable in accordance with Applicable Law at the time of invoicing.

16.3. *Invoicing*. An advance invoice will be issued for the first 20% of the contact value and during the agreed Service period from January 2024 to December 2024 (12 months) until the end of each month the Service Provider shall deliver to the Principal an invoice, in accordance with the Clouse 16.1. and Clouse 16.2., containing a reasonably detailed breakdown and any supporting information in respect of Costs incurred by the Service Provider during the respective period of the Service. In the event the Principal objects to payment of any amount claimed by the Service Provider in the invoice, notice in the form chosen by the Client to this effect shall be given by the Principal to the Service Provider not later than 7 (seven) Working Days before the due date for payment under this Clause 16.2. This notice of objection shall state the amount to be withheld, the grounds for withholding the payment and the basis on which that amount is calculated. Unless such notice of objection has to been made by the Principal, the amount to be paid is that stated in the invoice which shall become due and payable in accordance with this Clause 16.2. For the avoidance of any doubt, the Principal shall not be required to pay any amount under this Agreement with respect to any part of the Service that has not been accepted by the Principal in accordance with Clauses 7.4, 7.5 or 7.6 of this Agreement.

16.4. As a guarantee/security instrument for the advance payment, at the moment of concluding this Agreement, the Service provider will deliver to the Principal (one) blank solo promissory note, with the clause "unconditional", "irrevocable" and "without protest", duly signed by the authorized representative of the Subcontractor, with bills of exchange authorizations for filling and collecting the due and unpaid financial obligations of the Subcontractor, with the indicated amount of 20% of the total value of the works without VAT, which are also signed by the Subcontractor's authorized representative and certified with the Subcontractor's seal. In addition to the aforementioned means of securing the payment of financial obligations, the Subcontractor is obliged to submit a photocopy of the signatures of authorized persons deposited with the commercial bank, which must be certified by the stamp of the commercial bank with which the Service provider has a current account.

16.5. *Payment*. Subject to the provisions of Clauses 16.1, the Principal reserves the right to make the payments to the Service Provider with set-off, retention, counterclaim, abatement or other deduction of any kind if the nature of such set-off, retention, counterclaim, abatement or other deduction arises from this Agreement and the obligations of the Service Provider provided herein (i.e. in cases of accrued contractual penalty amounts etc.). If the Principal uses the right to make the payments to the Service Provider with set-off, retention, counterclaim, abatement or other deduction of any kind, then the Principal so notifies to the Service Provider no later than on the date of the respective payment stating the amount, the grounds and the basis on the Principal uses its right to set-off, retention, counterclaim, abatement or other deduction. Invoices shall be paid within 30 (thirty) Days after the date of issue of the invoice. For the avoidance of any doubt, the Principal shall not be required to pay any amount with respect to any invoice in the absence of a Delivery Acceptance Note duly signed by the Principal.

16.6. *Costs and Commissions*. Each Party shall bear its own costs, fees, commissions and expenses incurred in connection with the transfer of any funds under this Agreement to the other Party.

16.7. *Compliance with Tax Obligations in Serbia*. It is acknowledged and agreed by the Parties that the amount of Fee shall include all taxes and duties payable by the Service Provider in the consequence of provision of the Service, except value added tax (VAT).. The Service Provider shall, at the sole cost and expense of the Service Provider, comply with the obligation to pay all taxes and duties relevant to the provision of the Service in in the Republic of Serbia and in accordance with Applicable Law. In addition, the Service Provider shall assume all risks associated with the payment or obligation to pay such taxes and duties, if any. The Service Provider assumes all risks associated with the possible increase in the amount of the Fee arising as a result of the obligation of having to pay any such taxes or duties except as a result of a change in law.

16.8. *Invoice*. The Service Provider shall send the invoice to the Principal electronically to the following e-mail address. The invoice shall contain the following details about the Agreement:

16.9.

Service Provider	**Deltaelektro doo Beograd,**	
Registration No	07476078	
VAT payer's No or	VAT No 100288378	

indication that The Service provider is not a VAT payer		
The Principal's VAT No		
Address (street, house, area, country, postcode)	Žarkovačka 2D, 11030 Beograd, Srbijha	
Name of Bank (legal name)		
Bank SWIFT Code		
Bank IBAN Account No		
Subject:		

Section XVII. LIABILITY

17.1. *Contractual Penalty.* In the event of failure by the Service Provider to meet any Service Milestone and/or supply any Deliverable, the Service Provider shall be liable to pay to the Principal a penalty of zero point five percent (0.5%) of the amount of the Fee payable under this Agreement with respect to the relevant Service period for each day of delay with meeting any of the Service Milestones and/or supplying any of the Deliverables set forth in accordance with Annex D (*Service Schedule and Rates*) and Assignment Order; provided, however, that the total amount of penalty payable by the Service Provider under this Clause 17.2 for the relevant Works and Service, as specified according to Annex D (*Service Schedule and Rates*) shall not exceed ten percent (10%) of the total amount of the Fee payable in consideration of such Works and Service. In the event of failure by the Principal to pay any amount in accordance with Clause 16.1., the Principal shall be liable to pay to the Service Provider a penalty of zero point five percent (0.5%) of the amount of the amount invoiced for each day of delay with meeting the payment obligation; provided, however, that the total amount of penalty payable by the Principal under this Clause 17.2 shall not exceed ten percent (10%) of the total amount remaining unpaid under the relevant invoice.

Section XVIII. GOVERNING LAW AND RESOLUTION OF DISPUTES

18.1. *Governing Law.* This Agreement shall be governed by and construed in accordance with the law of the Republic of Serbia.

18.2. *Resolution by Amicable Means.* The Parties shall first attempt to settle any dispute, controversy or claim arising out of or relating to this Agreement by way of amicable negotiations prior to submitting them to the court.

18.3. *Venue for Resolution of Disputes.* Should the Parties fail to agree by means of amicable negotiations within the time period of thirty (30) days from the date of serving of the respective written complaint to the other Party, the Parties shall submit all their disputes arising out of or in connection with this Agreement to the exclusive jurisdiction of the courts of the Republic of Serbia. The Parties hereby represent and warrant that the English language is understandable for both Parties in accordance with Article 8(1)(a) of the Regulation (EC) No 1393/2007 of the European Parliament and of the Council of 13 November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents) and repealing Council Regulation (EC) No 1348/2000.

Signed by:

For and on behalf of the Principal:

Signed by:

For and on behalf of the Principal:

Chen Zhongzheng,

Director

China Civil Engineering Construction Corporation Balkan Ogranak

Date:

Signed by:

For and on behalf of the Service Provider:

Lazar Petrović,

Director

Deltaelektro doo Beograd

Date: 18.12.2023.

Annex A: DEFINITION AND COMMON TERMS

The following capitalized terms shall be ascribed the following meaning for the purposes of the Agreement:

(a) "Affiliate", in relation to any company:

(i) a company which is either a holding company or a subsidiary of such company; or

(ii) a company which is a subsidiary of a holding company of which such company is also a subsidiary.

(b) "Agreement", this Agreement, together with all Annexes thereto.

(c) "Alteration", any material change to the Scope of Service (Annex C *(Scope of Service (Technical Specification))*), Service Schedule (Annex D *(Service Schedule and Rates)* or Service Milestone which is not the result of the ordinary process of developing the scope and detail of the Project.

(d) "Alteration Request", as defined in accordance with Clause 2.3 of the Agreement.

(e) "Applicable Law" or "Law", any legislative act, regulation, decree, order, ordinance, statute, treaty, directive, judgment, or other legislative measure. For the avoidance of any doubt, the term "Applicable Law" shall include any legislative act or directive relevant to .

(f) "Approved Staff", any person listed pursuant to Annex E *(List of Approved Sub-Contractors and Staff)*, which is in a contractual relationship with the Contractor to provide a part of the Study.

(g) "Approved Sub-Contractor", any Person or organisation listed pursuant to Annex E (*List of Approved Sub-Contractors and Staff*) which is in a contractual relationship with the Service Provider to provide a part of the Service.

(h) Assignment Order, a document or information issued by Principal in the form and way chosen by the Principal and confirmed by Service Provider, which defines tasks, Deliverables, amount of remuneration and Schedule of reaching respective Milstones and Deliverables according the Annex C (*Scope of Service (Technical Specification)*) and Annex D (*Service Schedule and Rates*).

(i) "Completion Date", as defined in accordance with Clause 7.4 or 7.6, as appropriate.

(j) "Confidential Information", as defined in accordance with Clause 10.1 of the Agreement.

(k) "Costs", direct costs reasonably incurred in relation to the Project or any act or series of acts required under the Agreement. Specifically, Costs shall include any of the following:

(i) costs of all materials and supplies forming part of the Service, including transportation and storage expenses (discounts for cash or prompt payments will not reduce these costs);

(ii) salaries for personnel in the direct employ of the Service Provider in the performance of the Service or relating to the Service;

(iii) salaries of the Service Provider's employees for the time that they spend in connection with the Service;

(iv) payments to Sub-Contractors for Work relating to the Service;

(v) costs of all employee benefits and taxes for items such as social security and other benefits for the abour and employees;

(vi) costs, including transportation and maintenance, of equipment and hand tools not owned by workmen employed by the Service Provider which are employed or consumed toward the Service;

(vii) payments for rental charges for machinery, equipment, facilities and tools used in connection with the Service, and payments for installations, repairs, replacements,

dismantling, removal, lubrication, transportation and delivery of those rental items;

(viii) other transportation costs incurred in connection with the Service;

(ix) that portion attributable to this Agreement of premiums for insurance that is required by this Agreement or by law to be obtained or maintained by the Service Provider;

(x) sales, use, gross receipts or other taxes related to the Service, imposed by any governmental authority, to the extent that the Service Provider is responsible for such taxes;

(xi) fees payable with respect to any Necessary Consents, permit fees, licenses or tests that the Service Provider is required to obtain or reasonably obtains to carry out the Service;

(xii) costs of long-distance telephone calls, telephone service at the site and postage relating to the Service;

(xiii) costs associated with any Alteration as to which the Service Provider is entitled to payment hereunder;

(xiv) costs of any data processing services used in connection with the performance of the Work required under this Agreement; and

(xv) losses and expenses, not compensated by insurance, sustained by the Service Provider in connection with the work under this Agreement, provided they resulted from causes other than the fault or neglect of the Service Provider.

(l) "Corrective Period", as defined in accordance with Clause 8.2

(m) "Cure Period", as defined in accordance with Clause 7.3

(n) "Damages", any cost, claim, damage, demand, loss, expense or liability incurred by the relevant Party or Person.

(o) "Defect", is a part of the Service which is not in accordance with the Scope of Service (Annex C *(Scope of Service (Technical Specification))*), Applicable Law or Good Industry Practice.

(p) "Defects Date", a date specified in accordance with Annex D *(Service Schedule and Rates)* by which date the Principal and the Service Provider is obliged to notify each Deficiency in the Service.

(q) "Deliverable", any information, notes, material, drawings (including drawings in 3D model), records, computer files, documents and/or other items which the Service Provider is required to deliver to the Principal as part of the Service, as further specified pursuant to Annex D (*Service Schedule and Rates*) and Assignment Order.

(r) "Delivery Acceptance Note", as defined in accordance with Clause 7.4.

(s) "Documentation", all records, correspondence, and computer files of the Service Provider, its employees, engineers, and consultants pertaining to the Project.

(v) "Effective Date", as first above specified in the Preamble to this Agreement.

(w) "Estimated Costs", the estimate of the Services Part I as set out in Annex C (*Scope of Service (Technical Specification)*), updated from time to time in accordance with this Agreement.

(x) "EUR" and "euro", the official currency of the eurozone, officially known as the Eurozone.

(y) "Fee", as specified in accordance with the Annex D (*Service Schedule and Rates*).

(z) "Force Majeure Event", any of the following events:

(i) an act of the public enemy or war (declared or undeclared), threat of war, revolution, riot, insurrection, civil commotion, demonstration or sabotage;

(ii) an act of vandalism or accidental damage or destruction of machinery, equipment,

track or other infrastructure;

(iii) a natural disaster or phenomena, including extreme weather or environmental conditions (such as lightning, earthquake, hurricane, storm, fire, flood, drought or accumulation of snow or ice);

(iv) nuclear, chemical or biological contamination;

(v) pressure waves caused by devices travelling at supersonic speeds; and/or

(vi) strike, lockout or other industrial action other than involving the Service Provider or the Principal.

(cc) "Good Industry Practice", in relation to the performance of any activity to which this standard is applied, the exercise of that degree of skill, diligence, prudence and foresight as would reasonably be expected to be exercised by a properly qualified and competent person engaged in carrying out works or services of a similar size, nature, scope, type and complexity, complying with Applicable Law, applicable Standards and published codes of practice.

(dd) "Intellectual Property", all intellectual property rights in any part of the world in respect of any documentation, data, material or information provided by the Service Provider to the Principal, including any patent, patent application, registered design, registered design application, utility model, discovery, invention, process, formula, specification, copyright (including all neighbouring rights, rights in computer software and database and topography rights), know-how or unregistered design right.

(ff) "Intellectual Property of Service Provider", all Intellectual Property owned or licensed to the Service Provider with a right to sub-license.

(gg) "Legal Requirements", any of the following:

(i) enactment to the extent that it applies to a Party; and

(ii) any interpretation of law, or finding, contained in any judgement given by a court or tribunal of competent jurisdiction with respect to which the period for making an appeal has expired which requires any legal requirement falling within sub-paragraphs (i) or (ii) above to have effect in a way which is different to that in which it previously had effect.

(hh) "Mandatory Alteration", any Alteration necessitated by:

(i) any specific change in Law; and/or

(ii) any Change in Standards for safety reasons.

(ii) "Necessary Consents", all approvals, permissions, consents, licenses, certificates, registrations and authorizations (whether statutory or otherwise), which may be required from time to time for the purposes of carrying out the Project.

(jj) "Objection Notice", as defined in accordance with Clause 7.5.

(kk) "Party" and "Parties", the Principal and the Service Provider and include the respective successors in title, permitted assigns and permitted transferees of the Parties. "Person" shall include any natural person, company, body corporate, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing.

(ll) "Procurement Procedure", as defined in accordance with Recital (B) of the Agreement.

(pp) "Representative", the person appointed by each Party in accordance with Clause 5.2 to manage the performance of any work or delivery of any service under this Agreement.

(qq) "Right of Partial Acceptance", as defined in accordance with Clause 8.7.

(rr) "Risk Register", a ledger of risks which the Principal or the Service Provider has notified as an early warning matter; it includes a description of the risk and a description of the actions which

need to be taken in order to avoid or reduce the risk.

(ss) "Service", the entirety of Works to be performed by the Service Provider in accordance with the Agreement;

(tt) "Service Milestone", the date for delivery of one or more Deliverables, as set out in accordance with Annex D *(Service Schedule and Rates)*;

(uu) "Service Provider", the company "Deltaelektro doo Beograd", as further specified in the Preamble of this Agreement, which is employed by the Principal as an independent professional contractor to perform the Service, and legal successors to the Principal and permitted assignees of the Principal.

(vv) "Service Provider's Proposal", as defined in accordance with Recital (B) of the Agreement.

(ww) "Service Provider's Software", the object code versions of any downloadable software ownedby or duly licensed to the Service Provider solely for the purpose of accessing the Service, including but not limited to an agent, together with the updates, new releases or versions, modifications or enhancements, owned or licensed to and provided by the Service Provider to the Principal pursuant to this Agreement, together with all pertinent documentation and other instructions related to such software.

(xx) "Service Start Date", as specified in accordance with Annex D (*Service Schedule and Rates*).

(yy) "Standards", CEF Standards and Grant Agreement Standards.

(bbb) "Works", all works, activities, steps and actions, in any form, performed by the Service Provider under this Agreement for the attainment of the objectives of the Service and/or the Project.

Annex B: SERVICE SCHEDULE AND RATES

(1) **Total Fee: EUR** three hundred sixty thousand (360.000,00 *euro)* *(Prices are exclusive of* VAT*)*

Payment to be affected to the Serbian Dinar account of Service provider according to middle rate of exchange by NBS on the day of the payment.
The fee includes payment for any and all expenses incurred by the Service Provider in the course of provision of the Services and due performance of the Agreement.

Service Start Date, Service Schedule: Effective from the date of signing the contract

(2) ***Defects date:*** As agreed *by the* Principal and Service Provider all conditions regarding defects date of respective Deliverable shall be set in each Assignment Order but no more than 7 (seven) days.

Annex C: PROJECT OBJECTIVES, SCOPE OF SERVICES

The aim of the Project is to assist Technical Support on project construction of railway from Novi Sad up to border of Hungary, Serbia.

The Project includes Technical Support on project construction of railway from Novi Sad up to border of Hungary.

The main objectives of the phase of the Project contemplated under the Agreement are the following:

- Consultancy services and technical support for project execution work railway from Novi Sad up Subotica.
- Preparing the documentation for hand over of project to Serbian Railway.
- Preparing the document for verification of compliance with TSI infrastructure EN standards, railway regulations - procedures, necessary documentation, archiving, evidence of the quality of equipment, materials, performed works.
- Design document review (electrical, mechanical, civil...)
- Cooperation and harmonization work with electrical public utility (EDS).

Service Period: From January 2024 to December 2024.

In addition, it is a prerequisite that all compulsory assessments be duly completed and approved by the competent authorities according to Applicable Law.

DELTAELEKTRO

PREDUZEĆE ZA ISPITIVANJE, PROJEKTOVANJE I PUŠTANJE U POGON ELEKTROENERGETSKIH POSTROJENJA
ŽARKOVAČKA 2D, 11030 BEOGRAD

Customer
China Civil Engineering Construction Corporation Balkan - Ogranak Beograd
Batajnički drum Street, 3 part, NO.6A, 11080, Zemun, Belgarde, Serbia
PIB: 109874997

Subject : *Offer No. 65-01/23*

For the services Technical Support on project construction of railway from Novi Sad up to border of Hungary, Serbia.

Dear sirs,

We are sending you our offer for services Technical Support on project construction of railway from Novi Sad up to border of Hungary, Serbia in the following scope:

The Project includes:

- Consultancy services and technical support for project execution work railway from Novi Sad up Subotica.
- Preparing the documentation for hand over of project to Serbian Railway.
- Preparing the document for verification of compliance with TSI infrastructure EN standards, railway regulations - procedures, necessary documentation, archiving, evidence of the quality of equipment, materials, performed works.
- Design document review (electrical, mechanical, civil...)
- Cooperation and harmonization work with electrical public utility (EDS).

Our offer for all mentioned above activities 360.000,00 EUR without the associated VAT. VAT will be calculated in accordance with the relevant law of the Republic of Serbia.
• Method of payment:
20% advance payment, 10 days from submitted advance payment invoice and advance guarantee
The rest will be paid in monthly invoices of 30.000,00EUR/month (advance 20% and retention 20% will be deducted from each monthly invoice)
Retention money 20% of the offer value after successful handing vero of the project to the Client

• Time for complition of services: To be defined.
• All listed prices are exclusive of VAT. VAT will be calculated in accordance with the relevant law of the Republic of Serbia.
Notes:
• Direct and indirect costs (salaries, accommodation, meals, equipment - computers, cars, fuel...) are included in the price.
• The obligation of the company China Civil Engineering Construction Corporation Balkan - Ogranak Beograd is to provide access to the site for persons who will perform services.
Offer validity: 30 days

In Belgrade,

18.12.2023.

Technical Director

Žarko Rončević